

**Q.** How important are these talks to U.S.-Japanese relations?

**The President.** We'll have more to say about that later.

**Q.** Do you think you can have a good conversation with such a difference on the trade issue?

**The President.** We'll have more to say about that later.

#### **President Boris Yeltsin of Russia**

**Q.** It's hard for us to believe that you can't communicate with Yeltsin by telephone. That's a little scary, isn't it?

**The President.** That's what he said. He said we have to make sure it never happened again. He said, "What if we really had to talk about an emergency?" That's what he said, too.

*[At this point, one group of reporters left the room, and another group entered.]*

#### **Japan**

**Q.** Mr. President, is there any possibility for you to have another meeting with Prime Minister Hosokawa this afternoon or evening or tomorrow morning?

**The President.** I don't know. We haven't started this one yet. I would like to spend a lot of time with him.

**Q.** Because you decided not to leave for Arkansas this evening. We heard that you decided not to leave for Arkansas this evening.

**The President.** The weather is bad there and here.

**Q.** Was it only the weather?

**The President.** Yes. But I mean, I'm always glad to see the Prime Minister. I wish we could go play golf today, but the weather won't permit that either.

**Q.** Mr. President, do you think that the relationship between the U.S. and Japan is now in rough water?

**The President.** No, I think it's very strong. I feel very strongly about what the Prime Minister is trying to do. I supported strongly his political reform package, and I support the economic efforts I think he is trying to make. So I think we have a good relationship. Just because we have some disagreements doesn't mean we don't have a good relationship.

**Q.** So you—

**The President.** More later. We'll have more later. We'll answer your questions at the end of the—at the press conference.

NOTE: The exchange began at 11:35 a.m. in the Oval Office at the White House. A tape was not available for verification of the content of this exchange.

#### **The President's News Conference With Prime Minister Morihiro Hosokawa of Japan February 11, 1994**

**The President.** Good afternoon. It's a pleasure to welcome Prime Minister Hosokawa to the White House. The Prime Minister and I met last in Seattle at the APEC conference. Our dialog there was based on a new honesty and respect that continued in our talks today.

Both of us were elected on a mandate for change, and the Prime Minister has shown real courage and commitment to making change occur by advocating and securing political reforms, by opening Japan's construction and rice markets, and by seeking to deregulate Japan's economy. He also ushered through a tax cut that is a step towards spurring growth. And I know the Prime Minister proposed an even larger budget stimulus. I commend all these steps which can move Japan toward greater openness.

The United States and Japan have a long, deep, and rich relationship. No relationship in the world is more important today. Our security alliance, which is stronger than ever, is essential to the Asian Pacific and elsewhere. Today we discussed our shared interest in the Asian Pacific and its stability, including developments in Russia, China, and elsewhere. And I look forward to continuing this discussion this summer at the G-7 summit in Naples.

Our shared interests are nowhere clearer than on the Korean Peninsula. North Korea's nuclear program poses a serious threat to regional stability and to international non-proliferation efforts. We agreed to continue our close cooperation in pursuing a non-nuclear Korean Peninsula.

Our nations today have also embraced a common agenda for cooperation on global is-

sues such as population, transportation technology, and the environment. It includes a \$12 billion joint initiative to address population and AIDS in developing nations and new environmental assistance to Central and Eastern Europe.

Our discussions today focused chiefly on economics. The central concern of my administration has been preparing our country for the new global economy in the 21st century. That is why we've invested in our people, cut our deficits, and pursued more open markets through NAFTA, through the Uruguay round of GATT, through APEC.

As the world's second largest market, Japan must be our strategic partner in efforts to spur global growth. That is why I've attached as much importance to our economic alliance as to our political and security alliance. For our relationship to be strong, we must have a more mutually beneficial economic partnership. Such a partnership will benefit all our citizens with more jobs and opportunities for American workers and more choices and lower prices for Japanese consumers. Indeed, we seek to open Japan's economy not only for our own products but for those from the rest of the world as well.

Even though we have negotiated over 30 trade agreements with Japan since 1980, Japan still remains less open to imports than any other G-7 nation. Its regulations and practices screen out many of our products, even our most competitive products. To take one example, when our medical technology firms sell in Europe, they earn 40 percent of the market there. In Japan, they earn just 15 percent. The same holds in many other sectors.

Last July, our two Governments agreed on a framework to address a wide range of macroeconomic structural and sectoral trade issues. We focused on opening markets. We agreed to seek agreements containing, and I quote, "objective criteria" that would result in, quote, "tangible progress". We agreed to hold two summits each year to evaluate that progress. Today was the first such meeting. Unfortunately, we've not been able to reach agreement in any of the four areas we identified last July. Japan's offers made in these negotiations simply did not meet the standards agreed to in Tokyo.

Today we could have disguised our differences with cosmetic agreements. But the issues between us are so important for our own nations and for the rest of the world that it is better to have reached no agreement than to have reached an empty agreement. Of course, if Japan has further proposals, our door remains open. But ultimately, Japan's market must be open.

Over the past 40 years, the relationship between the United States and Japan has been the strongest when all three of its components, security, political, and economic, were seen by both our peoples as mutually beneficial. I am committed to improving our economic ties not only because doing so will mean more jobs and better standards of living in both nations but because it will strengthen every aspect of our relationship. I remain confident that we can work together to provide leadership in this new global economy. I have enormous confidence in the sincerity and the capacity and the vision of Prime Minister Hosokawa. And I am absolutely convinced that the relationship between the United States and Japan, founded on mutual respect and responsibility, ever growing in its maturity, will, as it must, remain vibrant and strong.

Mr. Prime Minister.

**Prime Minister Hosokawa.** Thank you, Mr. President. Today, President Clinton and I discussed wide-ranging issues from trade and economic matters, the current international situation, and to the future of the Asian-Pacific region and our cooperation on global issues. The list of these extensive issues reflects the matured relationship between Japan and the United States. And to be very candid, I think we had a very good meeting.

As to the framework talks, we have not yet come to agree on all the important issues, despite our intensive negotiations over the past 6 months. We are, however, in agreement that we should in no way allow this result to undermine the strong and friendly relationship between our two countries.

Since I assumed office, my administration has launched a series of measures for macroeconomic management in Japan. The other day I announced a comprehensive package of economic measures, the total amount of

which is the largest scale ever. I am convinced that through these measures, reinforced by appropriate economic policies by other governments, we'll be able to achieve over the medium term a highly significant decrease in our current account surplus.

As to the sectoral issues of the framework talks, our respective positions regarding the relationship between the objective criteria and the numerical targets did not converge. As part of my inner-driven reform, I am determined to take initiatives on our government procurement. To this end, for example, the Government of Japan has already announced such measures as the action program on government procurement, and concrete efforts are being made in line with this program.

In addition, as to the insurance issue, I place particular emphasis on achieving greater transparency in administrative procedures and promoting deregulation, which will create a better business climate for foreign insurance companies in Japan. In the areas of autos and auto parts, positive effects of industrial cooperation between Japan and the U.S. are not steadily becoming apparent. The Government of Japan will continue to provide possible support to cooperation between our private sectors in this field.

There is no doubt that Japan-U.S. cooperation in the areas of political and security relations has expanded and intensified. The increasing possibility of the Asia-Pacific region evolving into a community would give our partnership a new task and a prospect for further development. The suspected development of nuclear weapons by North Korea is currently the highest concern for the security in northeast Asia. This issue also poses a great challenge into the international nuclear nonproliferation regime. Today the President and I had very meaningful discussion on this matter.

In this post-cold-war era, the possible areas of cooperation between Japan and the United States are enormous. In fact, under the framework talks the two countries have discussed such issues of mutual concern as global environment, population, and human immune deficiency virus, or AIDS. Japan will mobilize approximately \$3 billion over the next 7 years to bear on urgent matters of

growing global population and AIDS. The President and I are fully committed to cooperation in these areas.

In the past, Japan and the U.S. sometimes have reached ambiguous agreements which glossed over the problems of the time, only to find them become sources of later misunderstandings between our two countries from time to time. Now I firmly believe that our relationship in this new era is maturing to an extent each of us respects and has confidence in the judgments of the other, each of us makes utmost efforts to tackle the issues that each side responsibly understands and identifies but, at the same time, frankly admit what we can and what we cannot do despite such best efforts. I believe such is the relationship between grownups, as we two are.

Since I took office I've sought to realize a genuine reinstatement of politics in the management of the critical processes of politics, economics, and government administration. As a like-minded colleague trying to bring about reforms in the social and political processes, I highly appreciate and respect the leadership exercised by President Clinton and his administration on both the domestic and international front, including budget deficit reduction and on bringing NAFTA to a successful conclusion and in opening a new frontier for APEC. I am firmly convinced that the reform efforts that President Clinton and I are undertaking would reinforce the vital Japan-U.S. relationship and lead to further progresses in the world community.

Thank you.

**The President.** Helen [Helen Thomas, United Press International].

May I say one thing before we begin? I have agreed that I will call on an American journalist, and then the Prime Minister will recognize a Japanese journalist, and then we will alternate one after the other. That's not a numerical target. [Laughter]

### **Japan-U.S. Trade**

**Q.** Do you think that you were misled last July by the Japanese in terms of their intent to really reach an agreement?

Mr. Prime Minister, do you agree with the President's allegation that you are the most closed of the G-7 nations? And if that's true, why is it so?

**The President.** Well, first of all, the G-7 agreement, the agreement we concluded with Japan last summer was, I think, a good framework. We all recognized that it had to be implemented. I can't say that the people who concluded the agreement last summer, who are not here to defend themselves, did not do it in good faith. I would not say that; I cannot say. All I can tell you is we haven't reached an agreement.

**Q.** Can you say why?

**The President.** Because we couldn't agree on what constituted evidence of market openings, and there are other reasons as well, but at least that is one.

**Prime Minister Hosokawa.** In the way we look at it, in the areas of government procurement, insurance business, and so on, in these areas we believe that to a large measure we've been able to boil down the issues. However, unfortunately, at the very end we were not able to clear the hurdle of numerical targets, and we regret that very much. As the President mentioned earlier, in the days ahead, we on each side will try and sort out some problems that remain and do our best efforts in order to resolve the remaining problems and arrive at a good agreement.

**Q.** With regard to how you address the remaining issues, what is the time schedule for reaching an agreement?

**Prime Minister Hosokawa.** I don't know. We'd like to reach an agreement as early as possible. But I think there is a need for a little bit of cooling off.

#### **Russian Position on Bosnia**

**Q.** Mr. President, on Bosnia, how do you avoid a major breach with President Yeltsin? He's quoted today as saying that NATO lacks the authority to approve air strikes. You've taken the position that NATO has that authority. Is there any way to reconcile these differences?

**The President.** I think so. We talked about it a little on the phone today, and I reminded President Yeltsin it was the Secretary-General of the United Nations acting under the authority of last summer's U.N. Security resolution, that had asked NATO to develop a plan to stop the shelling of Sarajevo and the innocent killing of civilians, and that there would be no possession taken of weap-

ons left within the 20-kilometer safe zone by NATO but by the U.N. troops. So I don't think, therefore, we have to go back to the Security Council.

They're discussing this in greater detail today in New York. But I think that the most encouraging thing to me was that he agreed we had the same long-term objective, which was a peace agreement, and the same short-term objective, which was to stop the shelling and killing of innocent civilians.

**Q.** But isn't there a difference on this other issue?

**The President.** I don't think so.

#### **Japan-U.S. Trade**

**Q.** Mr. President, now that the trade agreement has failed, how optimistic are you and the members of your administration for the future agreement?

**The President.** I just don't know. You know, the problem may be—it may be one of words; it may be one of the feelings behind the words. Japan has taken the position with which we on the surface do not disagree, that Japan does not wish to commit numerical targets that amount to managed trade. We understand that. We have taken the position that there have to be some objective standards by which to judge whether we are making progress or not, because if we just talk about improving processes, that is what we have done in the past without much progress. That is why last summer we used the words "objective criteria" to include quantitative measures or qualitative measures or both, as appropriate.

For example, I agree that it's not fair to disregard—let me give you some examples—let's suppose there's an area in which our trade is in great imbalance. You have to take into account, in addition to whether there has been progress from, let's say, 1992 to 1995, also what happened to the exchange rate, what happened to domestic demand and the economy in Japan, whether the American business in question produced a product competitive in price and quality and did the things necessary to pierce the Japanese market.

So, it's not for us—we don't think we're asking for numerical targets, we think we're asking for a set of objective criteria by which

we can judge whether we're making progress in opening the market. That, I think, is a fair statement of the nub of our argument. And I have no idea what will happen from here on in. We just didn't make it.

Yes, go ahead.

### **Bosnia**

**Q.** Mr. President, on Bosnia, there were reports that the United States, on the diplomatic front, is considering a piecemeal lifting of the sanctions if the Serbians will be cooperative at the peace talks, and that you have reconsidered your commitment to have 50 percent of the troops in any potential peace-keeping force be American, that in fact, it would only be a third of the ground forces be American if there were a peace agreement in place. Can you comment on that and on also the late reports that more F-15E's are now en route to Bosnia?

**The President.** Let me just say—I can only comment on two things. First of all, in terms of the troops, all we ever said about that was that we would expect to have less than half. We never specified a specific amount. Secondly, I have never even discussed any partial lifting of the Serbian embargo. No one has brought it to me. It has never been discussed in my presence. If it is an option being considered, it's been considered by somebody other than me. It's just not been a part of our discussions.

**Q.** [Inaudible]—violated the cease-fire yesterday?

**The President.** No.

### **Japan-U.S. Trade**

**Q.** With regard to objective criteria, you had an agreement with the previous administration. Would you say that the adjustment was wrong, or does this mean that the Hosokawa administration is going to make a judgment on a new basis?

**Prime Minister Hosokawa.** With regard to the things that have been subject to negotiations to date, I believe that we have seen some progress. So this does not mean that we're going to start something anew, but we'll pursue these matters further to build on the results that have been achieved so far.

Is that the point you were asking?

**Q.** Well, the previous administration—the outside cabinet agreed on the framework talks and on objective criteria. So would you say that the previous administration erred in their judgment?

**Prime Minister Hosokawa.** No, that's not the case.

**The President.** I get that kind of question all the time. Don't let it bother you. [Laughter]

Go ahead.

**Prime Minister Hosokawa.** With regard to the interpretation of numerical targets, I think there is a difference between the two sides, and we have not been able to clear that difference easily.

**Q.** What are the kinds of things that the United States can do to compel Japan to change its ways? And have you given any thought to making it just as hard for Japanese companies to do business over here as it is, as you say, for American companies to do business over there?

**The President.** Well, until 4 o'clock this morning we were working as hard as we could to reach an agreement, so I'm not prepared to say yet. We're going to have to think about that. I tried to characterize this as a period of reflection now. We just have to assess where we are.

**Q.** Mr. President, as you know, the Japanese public very strongly supports the Hosokawa government's policy calling for deregulation and less government intervention into the economic system. Against that background, how would you address the Japanese public's concern that accepting an American request for Japan to agree to predetermine the levels and the quantities of the American imports into the Japanese market would inevitably entail more government intervention into the whole economic system?

**The President.** We do not want that. I mean, I think this is the nub of the disagreement, and I think I understand the Japanese position in addition to the American position. We do not want Japan to commit to a specific volume of imports by a specific time. We do want to assess whether we are making progress toward opening markets with the use of objective criteria rather than just change processes.

One of those criteria would be, what is the difference in the level of imports; another might be, as I said earlier, the exchange rate changes; another might be the state of domestic demand in Japan; another might be the quality and price of the American product as evidenced by how well it's doing in our market or in Europe or somewhere else; another might be whether the American company or the American companies had made the necessary effort to do business in Japan.

In other words, we understand why Japan does not wish to put itself in the position of having to manage its trade in that way. And I think probably what the Japanese negotiators fear is if there is a number in there, even along with a lot of other criteria, that either under my administration or at some time in the future, it will be used as the only basis for evaluating whether America should impose some sort of trade sanctions. That is not our intent. But I think it's fair to say that that is the core of our disagreement. That is, when you put the question the way you did, I agree with your position. But that is not what we are asking to do.

#### **North Korea**

**Q.** Mr. President, you mentioned that you also discussed the situation on the Korean Peninsula. As you know, later this month the International Atomic Energy Agency has to certify that North Korea is or is not engaged in a nuclear weapons program, has developed a nuclear weapons program. How serious is the situation right now? And what do you and Prime Minister Hosokawa, what do you plan on doing if the IAEA certifies it can no longer say that North Korea is not complying with the Nuclear Non-Proliferation Treaty?

**The President.** Well, we discussed that today, and obviously we discussed what our options were, including sanctions. We discussed also the fact that in this particular policy, Japan, China, South Korea, and the United States all want a nonnuclear Korean Peninsula. All very much want North Korea to comply with our IAEA standards and therefore permitting it to resume some contact with the South. That has been the position of all four of our countries, and what

we're doing now is consulting all of us among one another to try to see what our options are. But obviously, the sanctions option is one option.

Do you have anything to add?

**Prime Minister Hosokawa.** Well, we also have a very strong and deep concern of the issue. Within the coming 10 days or so, very soon, I would say, this issue is going to face a climax. And we very much hope that North Korea will move in the right direction. As President Clinton said, we shall, together with the United States, China, and South Korea, we would like to step up our approach vis-a-vis North Korea. At the U.N. Security Council, if a sanction is proposed, then Japan, to the extent Japanese laws allow, will put in place all possible measures.

#### **Japan-U.S. Trade**

**Q.** I have a question for both leaders. Looking at the past 6 months of negotiations, we could detect so much new mutual distrust from each side, from American side, a distrust of having been cheated, and from Japanese side, a distrust of this objective criteria could be for sanction. So do you have any idea of removing this distrust and changing the mood and course of coming discussions?

**Prime Minister Hosokawa.** Well, we said we'll just cool our head for a while.

**The President.** Well, let me say, in the last 6 months my personal trust and admiration for Prime Minister Hosokawa has only increased, and for the government, because of political reform, because Japan exercised leadership in the Uruguay round, because of the initiatives on construction and rice, because of the fight for tax reform and the stimulus, because of the deregulation effort. I think that Japan is moving in the right direction.

Both of us came to this office carrying, if you will, the accumulated either fears or experiences of years and years of trade negotiations and frustrations. So I would say that this trust issue, I would hope, can be worked out. But I don't want to minimize it. I think it's a very serious problem because the other approaches have still left us with such a huge trade deficit which causes consumer prices to be very high in Japan and which puts our

people here and our economy in a very difficult situation.

So I would say that the rest of our relationship is in good shape, the security relationship, the political relationship. I would say that my level of personal trust in the Prime Minister and his government is very strong. But I would say this is a serious problem.

**Q.** I'd like to ask the Prime Minister if, after being here these days and having this longer-than-expected consultation today with President Clinton, that you are more prepared than you may have been to believe that when the United States side says, "Yes, we may want numerical progress indicators, but we don't want managed trade," that that is true?

**Prime Minister Hosokawa.** Well, as you've just said, rightly, we do not want managed trade, and I think I speak on behalf of everyone when I say that. Unfortunately, as the President mentioned in passing earlier, too, we don't want numerical targets to gain a life of its own and turn into another semiconductor case, because at the end of the day, we believe that will lead to managed trade. My administration is promoting deregulation, and so it runs right in the face of our basic tenet. This is what I've been telling the President during our meeting today.

**The President.** That, if we were asking for the semiconductor agreement, it would be right. But that's not what we're asking for. What we're asking for is what we agreed to last summer, which was a way of measuring by objective standards whether progress is being made in opening markets.

And I want to say, we've not sought anything for the United States we've not sought for other countries as well. We've sought no special access or special treatment. And we just seek a list, if you will, of those things by which you could determine whether progress is being made, or if progress is not being made, that there are reasons other than closed market policies for the lack of progress. There could be reasons other than that: no domestic demand, changes in the exchange rates, inadequate effort by Americans, not competitive products or services.

**Q.** I think that the opening of Japanese market is very important, and I think Japanese consumers and Japanese people believe

in that. But I think the reason why you couldn't come up with an agreement today for the framework talks is that because Japanese people—or the numerical target approach is not really popular among the Japanese people or Japanese industry, including Japanese bureaucrats. So I wonder whether you think, Mr. President, whether you think that you would come up with any agreement or any result or outcome in the near future with this numerical target approach? Also, I wonder whether you think that is supported by the Japanese ordinary audience?

And also, I heard that Mr. Gore raised the question of Japanese bureaucrats in his talks with Mr. Hata. I wonder whether, Mr. President, if you think that the Japanese bureaucrat is a kind of burden or a barrier in opening up Japanese market? [*Laughter*]

**The President.** I thought you'd never ask. No.

First of all, I understand that the numerical target is not popular, as you said, among the Japanese people or the Japanese Government. America's trade deficit with Japan is not very popular among the American people or the American Government. It's hard to explain it, year-in and year-out always getting bigger.

I think in every society, the permanent government is more change-averse than the changing government. I think that is true in every society. In some societies it's more true than others. And the stronger the permanent civil service is, if you will, in the making of policy, the more likely they are to be change-averse. If you look at the history of Japan from where you started after the Second World War through the next 45-plus years, having a system in which you produce for your own market and the world, had high savings rates, low consumption rates, relatively closed markets, and relatively high value products, worked dramatically to improve the standard of living of your people. But at some point as your growth rates become more normal, as they have in the last 10 years, and as the capacity of your people alters and the aspirations of your people alter, you have to develop a more open economy and society.

I couldn't say it any more eloquently than the Prime Minister did in the book that he

wrote that he gave me to read. So I don't want to pick a fight with any particular sector of Japanese society. I would just say that we know we're in a process of change. We're both committed to it. That's the good news. I also think it's good news that we didn't come up with an agreement today that didn't mean anything. And we're just going to have to keep dealing with this and try to find some way out of it, because we have to come to trust each other across systems that are still very different.

Thank you very much.

NOTE: The President's 46th news conference began at 2:41 p.m. in the East Room at the White House. Prime Minister Hosokawa spoke in Japanese, and his remarks were translated by an interpreter.

### **Interview With California Newspaper Publishers** *February 11, 1994*

**The President.**—workers who are helping the community, and their response has been one of the most timely, comprehensive, and effective in memory. And as I emphasized when I visited you a few weeks ago, while short-term disaster relief is absolutely necessary, I want to assure you that we'll be there over the long run as well.

The latest information on the status of the disaster assistance is this. The conference on the supplemental appropriation has just concluded. With luck, I'll be able to sign this legislation tomorrow morning. I was in Los Angeles within 48 hours of that quake, and your needs were clear to me and overwhelming. The following week, as soon as Congress returned from its recess, I transmitted to them a formal request for funds prepared by our OMB Director, Leon Panetta, from California. I'm pleased that Congress, led by the California delegation, has acted so quickly and so responsibly. In total, this legislation will bring the entire amount of Federal disaster assistance to southern California to about \$10 billion.

I know there's been a little public debate about whether States have an obligation to match 10 percent of these funds. I think they

should; everyone must take some responsibility and do their share. It's what we did in the terrible 500-year floods in the Midwest, and it's what we should do here.

These funds will help meet the immediate need. But California and all America, as you know, face a larger challenge: creating jobs and creating growth in a tough global economy, restoring the American dream for middle class people, and bringing our whole country together as a nation again. That's why I came to office with a comprehensive economic strategy designed to get the deficit down, lower interest rates, keep inflation down, free up investments, and create jobs. It's working.

Of course, there are still too many who haven't benefited and too many regions that have not really felt movement yet. But before our plan took effect last year, the 1995 budget was projected to be \$302 billion. Now it's expected to be \$176 billion, a 40 percent reduction. Core inflation and long-term interests rates are at historic lows. Home sales are up, car sales are up, and last year this economy created almost 2 million jobs, 90 percent of them in the private sector. That's more than in the previous 4 years combined.

But in creating a national strategy, we tried to be exceedingly mindful that California faces very serious problems different from and greater than any other State; especially southern California faces these problems. And as I have said repeatedly, in every region of the country we can't hope to rebuild the American economy until we also restore your economy, which accounts for one-eighth of all America's output. We've worked hard to do that.

Many of the elements of our economic plan will benefit California, including the national information superhighway, our efforts to develop new environmental technologies. NAFTA was a huge win for California and so was the GATT agreement and the reduction in export controls on communications equipment and computers. And nearly a quarter of the grants awarded for defense conversion and technology reinvestment have gone to California-led projects.

We are doing better, but our economic problems didn't come overnight, and they